

**GOVERNMENT OF INDIA
EXTERNAL AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2479
ANSWERED ON:04.12.2002
INDO-NEPAL TRADE TREATY
AKHILESH SINGH

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

- (a) whether any amendments have been made in the Indo-Nepal Trade Treaty;
- (b) if, so the details thereof;
- (c) whether the limit of duty-free import of certain products from Nepal has been fixed through these amendments;
- (d) if so, the details thereof; and
- (e) the areas in which India and Nepal are likely to be benefited by these amendments to the trade treaty?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH)

(a) - (e)

A Statement is placed on the Table of the House

STATEMENT REFERRED TO IN PARTS A TO E OF THE ANSWER TO THE LOK SABHA QUESTION No 2479 TO
ANSWERED ON 04/12/2002 ON INDO NEPAL TRADE TREATY.

The India-Nepal Trade Treaty was renewed on March 2, 2002 after incorporating suitable modifications to the protocol to the Treaty without changing the basic spirit and framework of the Treaty. Nepal would continue to enjoy non-reciprocal duty free access for its manufactures in the Indian market.

2. A very reasonable value addition norm of 25 % in the first year and 30 % in the subsequent years for Zero duty access has now been built into the Protocol to the Treaty to ensure that the provisions of the Treaty facilitate the accrual of benefits to genuine industries of Nepal and are not used as a conduit for third country exports to the detriment of Indian Industry..

3. The 1996 Trade Treaty contained no value addition norm for duty free entry of articles manufactured in Nepal into India. This had resulted in a surge in imports of some products from Nepal with little or no value addition such as acrylic yarn, zinc oxide, vanaspati and copper products. Representations were received from Indian Industry regarding the surge in imports of these commodities from Nepal into India, and its adverse impact on our domestic industry.

4. In the revised Trade Treaty, ceilings have been fixed for duty-free import of Vanaspati, acrylic Yarn, copper products and zinc oxide, in such a manner as to avoid disrupting Nepal's existing exports to India while simultaneously addressing the concerns of the Indian industry. There is no ceiling on exports of these commodities on MFN basis. The quota figures for the four sensitive items for duty-free import are given below:

Vegetable fats (Vanaspati)	100,000 MT Per Year
Acrylic Yarn	10,000 MT Per Year
Copper Products	7,500 MT Per year
Zinc Oxide	2,500 MT Per Year

5. Government of India has subsequently agreed to the request from Government of Nepal for increasing the quota for import of copper products from Nepal by 2500 MT per year.

6. The India-Nepal Trade Treaty remains one of the most liberal trade treaties, found anywhere in the world. The modifications incorporated in the Treaty would promote the development of Nepal while safeguarding the concerns of Indian industry.